APEC ELECTRONIC COMMERCE STEERING GROUP
9th Meeting, Santiago, Chile
26-27 February 2004

Executive Summary

The APEC Electronic Commerce Steering Group (ECSG) met to review its work against the 2003 work program, to discuss and agree to the 2004 work program, and prepare a report on deliverables to Senior Officials. In addition, reports were presented on the 23-24 February Data Privacy Implementation Symposium and the 25 February APEC ECSG Privacy Subgroup meeting.

The APEC ECSG Privacy Subgroup submitted Version 9 of the draft APEC Privacy Framework to the ECSG for members' consideration. A teleconference will be held on 31 March 2004 to discuss ECSG members' comments on the Framework.

The ECSG noted the submission of the Philippines Individual Action Plan on Paperless Trading.

The ECSG agreed to establish a subgroup to manage the paperless trading work within APEC.

The ECSG agreed to provide comments on *APEC's Strategies and Actions Toward a Cross-Border Paperless Trading Environment: ECSG's Work Programs on Trade Facilitation Action Plan* by 1 June 2004.

The ECSG approved the establishment of the APEC Public-Private Partnership Dialogue on Paperless Trading to assist in the further development of the APEC Paperless Trading Agenda.

The ECSG approved Singapore and Korea's Implementation Plan for the Electronic Certificate of Origin (ECO) Pathfinder.

The ECSG agreed to undertake specific activities on spam as part of its 2004 work agenda, including to develop and complete a survey on economies laws, and self-regulatory and educational efforts, related to spam.

The ECSG member economies agreed to complete the APEC Consumer Protection Guidelines Reporting Template by 1 May 2004.

The ECSG agreed to adopt the Revised APEC Blueprint for Action on Electronic Commerce.

The ECSG noted China's plans to hold the APEC Electronic Commerce Business Alliance First Forum and APEC E-Commerce Fair in Yantai, China in June 2004. The ECSG also supported China's request to invite Macao, China to participate in the APEC E-Commerce Fair.
The ECSG agreed to endorse the proposal for urgent funding to hold the APEC Symposium on ebXML for Internet Paperless Trading and Collaborative e-Business.

Recommendations

Welcome the report of the Electronic Commerce Steering Group.

Note the Outcomes of the APEC Data Privacy Implementation Symposium.

Note the report of the APEC ECSG Privacy Subgroup.

Endorse the establishment of a Subgroup within the ECSG for managing paperless trading work within APEC.

Endorse the implementation Plan for the APEC Electronic Certificate of Origin (ECO) Pathfinder.

Endorse the establishment of the APEC Public-Private Partnership Dialogue on Paperless Trading.

Endorse the Revised APEC Blueprint for Action on Electronic Commerce.

Approve the ECSG's request to invite Macao, China to attend the APEC E-Commerce Fair.

Endorse the proposal to seek urgent funding for the APEC Symposium on ebXML for Internet Paperless Trading and Collaborative e-Business and submit the proposal to the BMC meeting in March 2004.

Report to 2004/SOM I

APEC ELECTRONIC COMMERCE STEERING GROUP
9th Meeting, Santiago, Chile
26-27 February 2004

The APEC Electronic Commerce Steering Group (ECSG) met to review its work against the 2003 work program, to discuss and agree to the 2004 work program, and prepare a report on deliverables to Senior Officials.

The meeting was chaired by Ms. Michelle O'Neill (United States) with the active participation of the vice chairs, Mr. Peter Ford (Australia), Mr. Skol Harnsuthivarian (Thailand), and Mr. Ma Jianchun (China). Private sector representatives were also present, including those from the Global Business Dialogue on Electronic Commerce (GBDe).

APEC Symposium on Data Privacy Implementation Mechanisms

The ECSG hosted a symposium on data privacy implementation mechanisms on 23-24 February 2004. The purpose of this Symposium was to supplement the APEC ECSG's effort to develop the APEC Privacy Framework, specifically the identification of effective mechanisms for implementation. Government, business and consumer experts from twelve economies participated in the Symposium, and there were over 70 attendees from across the region. The Chair's report on the outcomes of the Symposium is attached as Annex A.

Report on APEC Developments

The APEC Secretariat briefed member economies on issues relevant to the work of the ECSG, including the results of the 15th Annual APEC Ministers Meeting and 2004 APEC Leaders' Meeting; efforts to counter terrorism; results of the Informal SOM; Chile's goals for 2004; efforts towards APEC reform; developments related to gender integration, ECOTECH, and small, medium and micro enterprises; and, issues related to management, including the project evaluation process.

Implementation of the 2004 ECSG Work Plan

Information Privacy

The Vice Chair from Australia provided a report on the progress of the APEC ECSG Privacy Subgroup towards development of the APEC Privacy Framework, and the results of the Subgroup's meeting on 25 February 2004 in Santiago (See Annex B). The Subgroup tabled Version 9 or the consultation draft of the APEC Privacy Framework for ECSG members' consideration. ECSG members were encouraged to review the draft Framework and provide comments by 19 March 2004. A teleconference to discuss ECSG members' comments will be held on 31 March 2004, after which, Version 10 of

the draft APEC Privacy Framework will be circulated. The Privacy Subgroup agreed to begin consultations with economies' stakeholders on the APEC Privacy Principles and to work on the final part of the Framework on implementation mechanisms. The Vice Chair also announced the possibility of holding a Privacy Subgroup meeting in mid-June. The APEC Privacy Framework is expected to be finalized at the ECSG 10, as encouraged by APEC Senior Officials.

The United States presented the 2nd draft of the APEC Data Privacy Mapping Exercise and Round 2 of the Privacy Protection in APEC Economies Mapping Exercise. ECSG members agreed to provide comments on the report and updates to their privacy-mapping questionnaire submissions to later than 1 April 2004. The Chair encouraged economies that had not yet made their submission to reply to the second version of the questionnaire prior to ECSG 10.

Professor Milagros Rivera of the National University of Singapore presented on the results of her research on privacy perceptions of online consumers in Australia, the United States, Singapore and Korea. She also provided a copy of her report *Online Privacy: Consumers' Concerns and Policy Implication for E-Commerce* for the information of ECSG members.

Japan and Korea presented on their domestic approaches to information privacy. New Zealand and Chile volunteered to present on their information privacy approaches at ECSG 10.

Paperless Trading

The Chair provided an update on latest developments on the Paperless Trading Individual Action Plans (IAPs). The Philippines is the latest economy to submit their Paperless Trading IAP. To date, 15 economies have submitted their IAPs. Economies that have not yet submitted their IAPs were encouraged to do so by ECSG 10.

Chinese Taipei presented the results of the September 2003 APEC Paperless Trading Seminar. Based on the discussions at the Seminar, the *APEC Roadmap for Establishing an APEC Cross-Border Paperless Trading Environment* was developed to provide APEC with a comprehensive plan to significantly reduce business transaction costs using a paperless trading environment. In developing the *Roadmap*, several factors were taken into consideration, including the current status of paperless trading systems in APEC economies, advances in ICT technologies, developments in international trade and messaging standards.

Based on the recommendations of the *Roadmap*, the ECSG agreed to establish a subgroup to manage the paperless trading work within APEC. The Vice Chair of the ECSG from Thailand has agreed to serve as Chair. China, Chinese Taipei and Korea have agreed to participate. The APEC ECSG Paperless Trading Subgroup has agreed to undertake the following work items:

- Develop, improve and coordinate the strategies and actions toward the goals of cross-border paperless trading environments;

- Communicate through email and meetings on the sidelines of the ECSG to help refine, coordinate and streamline related work programs, proposals and activities; and,

- Assist the ECSG Chair on paperless trading issues.

Chinese Taipei presented *APEC's Strategies and Actions Toward a Cross-Border Paperless Trading Environment: ECSG's Work Programs on Trade Facilitation Action Plan* for ECSG consideration. The Paperless Trading Subgroup encouraged members to submit comments to Chinese Taipei no later than 1 June 2004.

Korea presented its proposal for the establishment of the APEC Public-Private Partnership Dialogue on Paperless Trading to assist in the further development of the APEC Paperless Trading agenda. The Paperless Trading Subgroup recommended that the first meeting of the APEC Public-Private Partnership Dialogue be held on the sidelines of ECSG 11 in February 2005 in Korea. The Chair of the Paperless Trading Subgroup requested comments on the PPP Dialogue by 1 June 2004.

Korea also presented for the information of ECSG members on their e-Logistics Visibility Services Plan and their e-Trade Promotion Plan.

Australia and New Zealand provided a report on the APEC Electronic SPS Certificate Pathfinder (E-CERT). The Chair updated ECSG members on efforts to cooperate with the Agricultural Technical Cooperation Working Group (ATCWG) on implementation of the Pathfinder. Australia agreed to represent the ECSG at the ATCWG Ministerial in June 2004, in order to inform ATCWG members about the E-CERT Pathfinder.

Singapore and Korea provided an update on the Electronic Certificate of Origin (ECO) Pathfinder, and presented their proposal for the ECO Pathfinder Implementation Plan, which was accepted by ECSG members, as recommended by the Paperless Trading Subgroup. The ESG also noted that Korea was ready to join Phase I of the ECO Pathfinder. Singapore and Korea encouraged economies to continue to provide additional comments on the Implementation Plan, and consider joining Phase I of the ECO Pathfinder by ECSG 10. .

The United States presented for the information of ECSG members on efforts to develop and implement its Automated Customs Environment (ACE).

SPAM

Australia, Canada, Korea, Japan and the United States participated in a panel discussion on the basic problems and issues associated with spam. Each member economy presented on the characteristics and extent of spam, and government efforts to combat the

problem within their economies. Japan also presented on the proliferation of spam to mobile telephones in its economy, and reported on the efforts undertaken by government and mobile operators to decrease this type of spam. The panelists also discussed some international efforts that have been undertaken to study and combat the problem of spam. Canada reported on the OECD Spam Workshop (held in early February 2004 in Brussels), and advised that three OECD working groups are developing initiatives based on outcomes from the Workshop. Canada agreed to circulate information on these initiatives and a summary report of the Workshop to the ECSG once a final text is released.

The United States presented on operation "Secure Your Server", an initiative undertaken by over 20 countries to close open relay and proxies (security vulnerabilities used by spammers to hide their identities and send large quantities of spam). ECSG members discussed the importance of cooperation among economies in combating spam. Korea and Australia announced that they had entered into a memorandum of understanding, setting forth their cooperative arrangements regarding spam.

The Chair led a discussion on next steps to implement the ECSG work program on spam, which was adopted at ECSG 8 in Phuket. ECSG members agreed to the following activities as part of its 2004 work agenda on spam:

- Make online resources on spam available on the ECSG Web site;

- Develop and complete a survey to gather information about laws, and self-regulatory and educational efforts, work on technical solutions, and international cooperation on spam (Canada will develop the survey, with the assistance of Australia, Russia, Japan and the United States);

- Develop a compendium of private sector resources on spam, with the assistance of the GBDe and private sector participants from Australia and the United States;

- Share OECD documents and efforts on spam with the ECSG (Canada agreed to take responsibility for circulating information); and,

- Reach out to the APEC Telecommunications and Information Working Group (TEL) coordinate and cooperate on their possible activity to address mobile spam and ISP solutions to combat spam (Australia and Japan volunteered to lead this effort).

ECSG members also agreed to provide regular updates on international efforts on spam, and encouraged Australia and Korea to provide details on the results of their cooperative efforts on spam at ECSG 10.

Consumer Protection

Australia presented the APEC Consumer Protection Guidelines Reporting Template, which is designed to gather information on ECSG members' efforts to implement the

APEC Online Consumer Protection Guidelines. The Chair encouraged ECSG members to complete the survey by 1 May 2004. Australia has agreed to compile the results and present them at ECSG 10.

The United States updated ECSG members on its efforts to plan the Internet Investigatory Training Workshop, which will be held in August 2004 in Singapore. The United States also tabled a short questionnaire for ECSG members on the topics that they would like to be addressed in the Training Workshop, and asked that interested ECSG members respond by 2 April 2004.

Representatives from the Better Business Bureau Online (BBBOnline) and the Santiago Chamber of Commerce presented information on recent efforts to develop the Global Trustmark Alliance. ECSG members discussed the need for establishing a floor framework for a global trustmark, in order to make it possible for economies from differing levels of development to participate.

Cybersecurity

Australia agreed to table a paper inter-sessionally on their proposal to develop a method to publicize and extend the reach of international documents on electronic commerce issues, beginning with those related to the development of sound cybersecurity policies and practices. ECSG members suggested that it would be useful to utilize existing Web resources and that it would be important to coordinate with the APEC TEL's E-Security Task Group.

Japan provided a brief report for the information of ECSG members on its Comprehensive Strategy on Information Security.

Digital Trade

The United States updated ECSG members on the latest developments related to the APEC Digital Trade Pathfinder Initiative, and indicated that the United States and Singapore are working to develop a proposal for the ECSG and the CTI related to further the goals of this Pathfinder. Canada indicated that it will table a report for ECSG 10 on its recent developments in this area.

Other Business

ECSG members agreed to adopt the Revised APEC Blueprint for Action on Electronic Commerce (see Annex C), which is an updated version of the 1998 APEC Blueprint for Action on Electronic Commerce.

The APEC Secretariat presented the 2003 Stocktake of Electronic Commerce Activities in APEC, and informed ECSG members about the process for developing the 2004 Stocktake. The 2004 Stocktake will be tabled for consideration at ECSG 10.

China updated members on the progress of the Electronic Commerce Business Alliance (ECBA) to promote regional electronic commerce development since ECSG 8, and on efforts to prepare the ECBA First Forum, which will be held June 16 in Yantai, China. China also presented on the upcoming APEC E-Commerce Fair and High Level Forum, which will be held in June in Yantai, China at the same time as the ECBA First Forum. This event was originally to be held in April 2003, but was rescheduled due to SARS. ECSG members approved China's request to invite Macao, China to attend the APEC E-Commerce Fair.

Korea presented their proposal to launch an APEC e-Health Initiative. ECSG members expressed support for the project, but suggested that it may be more appropriate work for the Health Care Task Force with some assistance from the ECSG.

APEC Symposium on ebXML for Internet Paperless Trading and Collaborative e-Business on 21-23 July 2004. ECSG members agreed to support the proposal. The Proposal is attached as Annex D.

Korea provided an overview of their proposal for 2005 Operational Account funding to conduct the Initiative for Women's Participation in the Digital Economy. ECSG members expressed general support for the work, but suggested that it may be more appropriate for the Gender Focal Point Network to sponsor the project.

Russia provided an overview of their proposal for 2005 TILF funding on work on electronic procurement and e-government. ECSG members suggested that Russia coordinate their work with the Government Procurement Experts Group (GPEG) and the TEL, as it may be more appropriate for that group to sponsor the project given their current work agenda on electronic procurement.

The APEC Secretariat advised that the normal 2005 projects will be considered by BMC II to be held from 24-26 August 2004. Completed and ranked projected should be submitted to the Secretariat by Friday, 30 July 2004. The Secretariat also indicated that they would be pleased to comment on projects prior to the deadline.

The GBDe, which has observer status at the ECSG, presented the outcomes of their November 2003 meeting in New York, including their annual recommendations on broadband, cybersecurity, RFID, Internet payments, spam and alternative dispute resolution.

Next Meeting

ECSG 10 will be held on the margins of 2004/SOM III in Santiago, Chile.

APEC Electronic Commerce Steering Group
Chair's Report on the Outcomes of the
APEC Symposium on Data Privacy Implementation Mechanisms:
Developing the APEC Privacy Framework
February 23-24, 2004, Santiago, Chile

The APEC E-Commerce Steering Group (ECSG) hosted a symposium on data privacy implementation mechanisms on February 23-24, 2004. The purpose of this Symposium was to supplement the APEC ECSG's effort to develop the APEC Privacy Framework, specifically the identification of effective mechanisms for implementation. Government, business and consumer experts from twelve economies participated in the Symposium, and there were over 70 attendees from across the region.

Summary of the Themes

Managing Data Flows While Maintaining Accountability

Panel I: Addressing Privacy in the Networked Global Environment: The Impact of a Borderless Information Environment
Panelists offered a range of perspectives on the issues that government, civil society and business must now consider in addressing electronic commerce and privacy issues on a global level. Several panelists noted that the digital world is revolutionizing both government and business processes, and that the continuous development of new, and increased use of, technology is creating both value and risk. Consumers must be convinced of the value of personal information and determine if the benefits of disclosure outweigh the risks. Government and business have a role to play in increasing awareness of how technology is used, and they must be accountable for misuse of personal information. Businesses must communicate clearly and governments should assure transparency. The challenge for governments is to strike the right balance, and to take a practical approach where resources are scarce.

Panel II: The Nature of Modern Information Management & Its Impact on Privacy Protection
Panelists provided different views on the value of transborder data and information flows to businesses, consumers and governments. The challenge for both business and government is to demonstrate to consumers the value in providing personal information, while consumers must determine the value of sharing their personal information. Government should take a multi-pillared approach that might include a legal and regulatory framework (avoiding over-regulation); technology-based, market-driven solutions (to address challenges such as spam); business and consumer awareness programs; enforcement; and international cooperation (including dialogue with all stakeholders.)

Panel III: Approaches to Information Use and Processing: Consumer Products, Financial Services, Business-to-Business and Information Technologies Companies
Panelists addressed the global nature of information use and processing from a variety of perspectives, from large multinational companies to small- and medium-sized companies. Those governments interested in promoting their countries as e-services hubs also have an interest in promoting sound privacy practices. Corporate privacy programs include the development of a privacy policy for internal and external use (large MNCs often develop a "global" privacy policy); implementation of sound security systems; use of information controllers or chief privacy officers; development of employee and consumer education and training programs; and use of audits. Governments have an opportunity to lead by example through the development of e-government programs.

Panel IV: Balancing Privacy Protections with the Free Flow of Information: Flexible Approaches to International Information Flows
Panelists addressed the nature of modern information flows and how they have evolved over time, and the necessity for developing flexible approaches to implementation that provide for both privacy protections and the maintenance of information flows. Examples of "flexible" national approaches include standard contract clauses (SCC) and model codes of conduct/practice. Panelists noted both advantages and disadvantages, but agreed that flexibility and commonality in the region (most economies have used the OECD framework as starting point for their legal and regulatory framework) made SCC and model codes attractive. Governments should encourage the private sector to consider this approach.

Noting that consumers remain very cautious about shopping online, a consumer representative offered a "wish list" which included no collection or use of personally-identifiable information (PII) without consent (except in limited circumstances); the right to access and correct their PII; plain language privacy policies and practices; and designation of a national privacy point of contact to handle consumer complaints and redress. Consumers and businesses can work together to develop effective self-regulatory mechanisms as evidenced by the recently concluded alternative dispute resolution (ADR) agreement between the Global Business Dialogue on E-Commerce (GBDe) and Consumers International.

Effective Enforcement and Cross-Border Cooperation: Promotion of Ethical Practices and Trustworthy Information Practices

Panel V: Flexible Approaches to Effective Enforcement of Privacy Protections
Panelists described the role of enforcement agencies in the implementation of privacy protections, and the various approaches to establishing and enforcing privacy laws. Member economies shared their experiences in the development and implementation of data privacy legal and regulatory frameworks, including the use of both government and self-regulation; use and/or access rights' exemptions for public safety, national security, crime prevention and international relations; special protections for children; the need to review and update regularly; and the need for awareness of what was happening in the

marketplace. Disclosure of personal information for public safety purposes can actually enhance privacy; discovery and investigation of credit card fraud is one example. To address consumers concerns, governments should develop computer crime laws including criminal penalties for government misuse. Enforcement agencies rely on a "tool kit" of enforcement powers and remedies including the power to serve an enforcement notice; the publication of "name and shame" reports; the ability to undertake criminal investigations; the application of civil remedies; and the use of mediation and ADR. Enforcement agencies must also assess and measure the success and failure of their activities to ensure effectiveness. In addition to enforcement responsibilities, there is a role for an independent regulatory authority to provide advice on proposed self-regulatory programs, for example. All agreed on the need for adequate funding and resources to make enforcement programs happen.

Panel VI: Cross-Border Cooperation on Enforcement Matters

Panelists identified areas of commonality and cross-border enforcement cooperation. The OECD guidelines call for information exchange and mutual assistance in investigations, a "future-oriented" clause. Some of the challenges for cross-border cooperation include obtaining evidence, recovering assets, stopping misconduct, and moving fast. Panelists identified areas for international cooperation including: increasing national government capacity; identification of areas of common ground; targeting enforcement efforts on harm; maximizing benefits; information sharing; and accountability. APEC work on implementation could focus on several areas including: domestic implementation of the APEC privacy principles; designation of a central privacy point of contact; identification and removal of barriers to cross-border cooperation; information sharing and enforcement among jurisdictions; effective redress; and promotion of private sector cooperation.

A consumer representative highlighted the role of consumer groups in protecting consumers against cross-border fraud and cooperating with law enforcement. Consumers expect governments to protect them from fraud; however, consumers are concerned that sharing personal information with law enforcement might result in increased incidents of identity theft.   Both enforcement agencies and consumer groups have a role to play in promoting consumer awareness, including the development and implementation of education programs, and the referral of fraud cases to enforcement agencies. As for the APEC privacy framework, consumers expect safeguards against unlimited disclosure of data to foreign governments; an annual report on complaints; investigations and results; auditing requirements; penalties against misuse; and a higher level of protection for public record systems.

Panel VII: Consumer and Business Education on Privacy
Panelists provided their perspectives on the importance of educating consumers and businesses on privacy protections. One panelist provided information on the privacy and security practices of university students as a barometer for consumer awareness. Most demonstrated a very high level of technical awareness while at the same time, demonstrating a very low level of awareness of privacy and security issues. Increased

media reporting on computer crimes raises the level of concern rather than actual experience. Consumers will provide information when they know the use, when transacting with the government or trusted business brands. In the US, websites with a trustmark had a higher level of user trust than those with just a privacy policy. Self-regulation clearly has a role to play in consumer education and trust. Panelists described national programs including the Santiago Chamber of Commerce and BBBOnline programs, which encourage good business practices and the development of sound privacy policies. GBDe has also played a role in encouraging consumer and business education, including support for the development of a global trustmark, effective ADR mechanisms, and privacy policies.

APEC will need to consider different levels of development when considering the development of a consumer and business education program. One possibility: funding a basic privacy education program that includes a focus on secondary school children; the development of basic, easy-to-use information; and encouraging the incorporation of sound security and practices into every day activities.

Symposium Wrap-Up: Issues to be considered in the Implementation Section of the APEC Privacy Framework: Report to APEC Privacy Subgroup

Several participants provided their perspectives. Highlights from the discussion include:

- The Symposium succeeded in highlighting the differences for the ECSG to consider as its work on the Framework continues including contrasting views on transborder data flows (point-to-point transfers versus global access); the commercial aspects versus human rights perspective on personal information protection; and the dichotomy between international business and regional idiosyncrasies.

- APEC economies should ensure that the privacy principles are at a high enough level to facilitate compatibility; provide effective oversight, enforcement and redress at the national level; strive to develop effective regional instruments to encourage cross-border cooperation and enforcement; understand the concept of harm and its role in implementation; and support the development of well-functioning, market-based solutions that also work for consumers.

- Governments need resources for enforcement and education – and the political will to develop adequate regulatory frameworks and recognition of alternative approaches. Governments and businesses need to consult with other stakeholders who are not participating in the dialogue, to identify other variables in addition to the concerns about privacy. To ensure efficient implementation, economies must consider regional and global cooperation.

- Consumer protection and the concerns of consumers are becoming a higher order priority for policymakers and business. Government and business must work together to make consumers comfortable with sharing personal information.

Consumers must be empowered to reach out to enforcement agencies, and to act for themselves. Education and enforcement are important, as are corporate social responsibility and computer ethics.

- The challenge for APEC is to find a formula that captures the values and attributes of both legislation and self-regulation. The APEC framework presents a great opportunity to find a solution that works with all existing models and can stand the test of time.

REPORT OF PRIVACY SUB-GROUP
26 February 2004

The outcome of our meeting on 25 February was agreement on a discussion draft of the APEC Privacy Framework. Copies will be made available by the end of the ECSG meeting on Friday.

The Preamble to the draft addresses privacy issues in the context of electronic commerce. The next part, entitled 'Scope', deals with definitions and the application of the Framework and recognizes that the social, cultural and legal differences between APEC economies require a flexible approach to these issues.

There follow ten principles entitled 'Preventing Harm', 'Notice', 'Collection Limitation', 'Uses of Personal Information', 'Choice', 'Integrity of Personal Information', 'Security Safeguards', 'Access and Correction', 'Accountability' and 'Maximizing Benefits'.

The final part, entitled 'Implementation', is to be developed.

Some text that requires further consideration by the sub-group is bracketed as [……….]. It was also agreed that the text of the principles should be accompanied by explanatory notes on the facing page. The purpose is to give examples of the application of each principle and to assist in interpretation. It is yet to be developed.

Since its meeting in Phuket in August, 2003, the sub-group has had one meeting in Sydney in September, 2003 following the International Conference of Data Protection Commissioners and has had three teleconferences to discuss versions 6 to 8 of the draft. Delegations have provided written comments that have been included in successive annotated drafts and also separate commentaries in papers.

In some economies consultations have occurred with business, legal professional and privacy groups. Delegates agreed to use the draft for further consultations within their economies as appropriate over the coming months. There will also be further teleconferences. These will differ from those that have been held to date in that their purpose will not be to refine further versions of the draft but to exchange views on the outcome of consultations and seek resolution of the few remaining issues. It was noted that there may be a need for a meeting mid-year and this will be further considered in informal consultations among delegates. It is expected that the next scheduled meeting in the margins of the next ECSG meeting will focus on implementation.

The sub-group's targets are to finalize the draft, apart from the implementation section, by the middle of this year and to finalize the implementation section by the end of the year.

The meeting began discussions on implementation and agreed to further development of a proposal put forward by the chair in his personal capacity at the privacy symposium on 24 February. That proposal involves a staged action plan and reporting arrangements to support the development of appropriate arrangements between enforcement agencies in different economies.

The sub-group has made good progress and has substantially met the targets it had set for itself at Phuket. There are some unresolved issues relating to inclusion of one principle and of parts of the text of others. However, differences relate to matters of characterization rather than to the merits of what is proposed. Further study of implications and consultations will be necessary to resolve these issues. Those economies that are developing their own legislation in this area will find the draft of assistance. Those that have implemented the OECD Guidelines will need to consider how the draft relates to their existing legislation.

APEC BLUEPRINT FOR ACTION ON
ELECTRONIC COMMERCE

APEC Ministers,

- Recognizing the enormous potential of electronic commerce to expand business opportunities, reduce costs, increase efficiency, improve the quality of life, and facilitate the greater participation of small business in global commerce.

- Recognizing that the potential of economic commerce will be met only if consumers, businesses and governments are confident in the electronic environment and in electronic commerce participants.

- Taking into account the different stages of development of member economies, the diverse regulatory, social, economic and cultural frameworks in the region; and

- Taking into account that enhancing capability in electronic commerce among APEC economies, including through economic and technical cooperation (ECOTECH activities), is needed to enable all APEC economies to reap the benefits of electronic commerce;

Agreed to the following:

1.   The business sector plays a leading role in developing electronic commerce technology, applications, practices and services,

2.   The role of governments is to promote and facilitate the development and uptake of electronic commerce by:

- Providing a favorable environment, including the legal and regulatory aspects, which is predictable, transparent and consistent

- Providing an environment which promotes trust and confidence among electronic commerce participants

- Promoting the efficient functioning of electronic commerce internationally by aiming, wherever possible, to develop domestic frameworks which are compatible with evolving international norms and practices, and

- Becoming a leading-edge user in order to catalyze and encourage greater use of electronic means

3.   For electronic commerce to flourish, business and government should cooperate wherever possible to ensure the development of affordable, accessible and interoperable communication and information infrastructure.

4.   While recognizing that some degree of government regulation may be necessary, technology-neutral, competitive market-based solutions that can be safeguarded by competition policy, and effective industry self-regulation, should be favored.

5.   Government and business should co-operate to develop and implement technologies and policies, which build trust and confidence in safe, secure and reliable communication, information and delivery systems, and which address issues including privacy, security and consumer protection.

6.   In order to benefit fully from electronic commerce, APEC economies should endeavor to work together to build trust and confidence; enhance government use; intensify community outreach; promote technical cooperation and experience exchange; where appropriate, work towards eliminating impediments to its uptake; and develop seamless legal, technical, operating and trading environments to facilitate the growth and development of electronic commerce.

To this end APEC Ministers agreed to a Work Program that is outlined in the Stocktake of E-Commerce Activities in APEC.

APEC PROJECT FORMAT

Facesheet

(Tick ✓ one)	**[✓] Project seeking APEC funding**	**[ ] Project for self-funding**
	[ ] Progress Report	**[ ] Evaluation Report**

(Tick ✓ one where applicable) **[   ] Operational Account   [✓] TILF Special Account**

Project number: *(To be filled in by Secretariat:)*	Date received by Secretariat:

Name of Committee/Working Group: Electronic Commerce Steering Group

Title of Project: APEC Symposium on ebXML for Internet Paperless Trading and Collaborative e-Business

Proposing APEC Economy: Thailand

Co-sponsoring APEC Economy (ies):

Project Overseer: Name, Title and Organization   (M)
Mr. Skol Harnsuthivarin

Deputy Director General, Department of Business Development, Ministry of Commerce

Postal address: Dr. Choonhapong Thaiupathump Ministry of Information and Communications Technology 89/2 TOT Corporation, the 9th Building, Chaeng Wattana Rd., Lak Si, Bangkok 10210, Thailand	Tel: (66-2) 505-7130, 505-7317 Fax: (66-2) 568-2543 Email: choon@mict.go.th

Financial Information	Total cost of proposal (US$): 150,792	**Amount being sought from APEC Central Fund (US$): 134,012**

Type of Project: [✓] seminar/symposium   [   ] short-term training course   [   ] survey or analysis and research
                          [   ] database/website   [   ] others *(Please specify)*

Project start date: March 2004	Project end date: September 2004

Brief description of Project : its purpose and the principal activities (including when and where) :
This project provides a 3-day symposium that fortifies sharing of technical know-how and experience in adopting enabling technologies with an aim to accelerate the automatic interchange of official trade-related e-documents and collaborative B2B e-business transaction in the Asia Pacific Region. The event is scheduled to take place at Bangkok, Thailand in July 2004.

Signature of Project Overseer:

(Separate written confirmation acceptable for email submission)   Date:

Signature of Committee Chair/WG Lead Shepherd: (Not applicable to Progress Report and Evaluation Report)

(Separate written confirmation acceptable for email submission)   *Date:*

<u>**Details of the Project Proposal**</u>

Please provide your answers in point form or as succinctly as possible below each paragraph heading.

A. <u>**Project Design**</u>

Project Objectives

1) Describe briefly the objectives and how you will measure your results (in the short and longer term) to know if your project has been successful. (You must provide detailed assessment measures in paragraph 22)

   The APEC Symposium on ebXML for Paperless Trading and Collaborative e-Business aims at achieving the following objectives.
   - Provide a discussion forum on all issues regarding a development and maintenance of interoperable standards and frameworks for implementing paperless trading and collaborative e-business through the interchange of trade-related e-documents and e-services among APEC economies members
   - Enhance understanding and sharing of technical know-how on the latest status and impediments in achieving the paperless trading goal via a presentation of actual implementation and a demonstration of e-documents and e-services interchange projects based on XML and ebXML standards including other related technologies
   - Reinforce networking among practitioners and policy makers from APEC member economies to discuss issues associated with a development of e-documents and e-services interchange framework
   - Explore possibilities in technical collaboration including ebXML pilot projects and interoperability test as well as research and development program in B2B interoperability framework and its core components
   - Seek endorsement from governments on the development, adoption, and promotion of XML and ebXML in their economies

   The symposium will produce a final report outlining participants' recommendations to the APEC Electronic Commerce Steering Group which will be used as a guideline for establishing standards and interoperable frameworks for the interchange of trade-related e-documents and e-services among APEC member economies. The results will be measured by the extent to which the input from participants can meaningfully serve as a significant basis for future works on the establishment of comprehensive cross-border paperless trading and collaborative e-business environment.

2) How, briefly, does this project respond to the priorities set by APEC Leaders and Ministers, Please make reference to the relevant parts of the APEC Action Agenda

including Action Program, work plan, vision statement, and policy statement that relate to this project.

This project is prepared in response to APEC Leaders' directives, stated in the APEC Blueprint for Action on Electronic Commerce, to enhance the development and use of electronic commerce among APEC economies with a goal of achieving cross-border "Paperless Trading" where possible by 2005 for developed economies and 2010 by developing economies by providing a forum that promotes technical cooperation and allows APEC members economies to work closely and exchange experience towards eliminating the requirements for paper documents needed for customs and other cross-border trade administration documents relevant to international sea, air, and land transport. Paperless Trading Individual Action Plans have also been submitted by APEC member economies on a voluntary basis since 2001. (Available also on the e-IAP web site, www.apec-iap.org)

The importance of this issue was stressed in the Shanghai Accord where APEC Leaders agreed to embrace the New Economy with an aim to achieve 5-percent reduction in transaction costs through an elimination of red tape across the APEC region by 2006; and to include specific actions to strengthen APEC commitment to meet the Bogor goals where the importance of trade facilitation is emphasized as a means to generate trade expansion and liberalization by 2010 for developed economies and 2020 for developing economies. In fact, an automation of trade-related procedures was endorsed by APEC Leaders at the APEC Ministerial Meeting held in Los Carbos in October 2002 to be one of concrete trade facilitation measures that would create efficiency and effectiveness in business conduct of all sectors and included in the APEC Trade Facilitation Action Plan since the APEC Ministers Responsible for Trade Meeting in Khon Kaen in June 2003.

This project also responds to Section II.A.7 stated in e-APEC Strategy which its goal is "to ensure widespread interoperability between different applications and technologies to avoid the creation of barriers between different groups of users" by providing a cooperative technology transfer program that combines efforts of government officials and other stakeholders to guide the development of accessible, affordable and interoperable domestic frameworks which are compatible with evolving international norms and practices developed by expert international bodies with private sector participation.

Essentially, in order to reach the overall goal of a substantial reduction in trade transaction costs in every APEC member economy with the 5 percent target by year 2006, a construction of a paperless trading environment must be instantaneously set forth in line with standard electronic format and harmonized data. This project responds to that urgent need by assisting economies to establish required infrastructure including a single-window and Web-based electronic access to trade-related documentation and data transmission among relevant government agencies as recommended by Trade Facilitation Action Plan and emphasized at the APEC Symposium "Toward a Cross-Border Paperless Trading Environment" held in

Taipei on September 2003. In turn, it will provide critical groundwork for further implementation of cooperative arrangements on cross-border issues of paperless trading under the pathfinder initiatives i.e., Electronic Sanitary and Phytosanitary Certificates (e-SPS) and Electronic Certificates of Origin (ECO). To ensure timely progress, the implementation result will be reported to the 10th APEC ECSG meeting not only to determine areas of future works but also to identify impediments that hinder the development of cross-border paperless trading and collaborative e-business in the region.

3) <u>For applications under the TILF Special Account</u>: How briefly this project contributes to APEC Trade and Investment Liberalization and Facilitation (e.g. relevance to specific parts of the Osaka Action Agenda).

This project will fulfill APEC objective on Trade and Investment Liberalization and Facilitation as declared in the Bogor goal by providing a mechanism for dialogue that intensifies cooperation among the community of APEC economies in addressing strategy, guideline, cooperative solutions and recommendations to push forward concrete trade facilitation measures including the uptake of paperless trading and the adoption of ICT in business transaction that can be enjoyed by consumers and businesses of any size using open and interoperable message standards so as to be able to ensure mutual recognition arrangements for standards, minimize risks of divergent approaches to standardization and avoid duplication of efforts.

Additionally, a reduction and/or elimination of the requirements for mandated paper-based documents, and automation of e-documents and e-services interchange in cross-border trade has a potential to create efficiencies in the conduct of trade across the region. Traders will benefit from paperless trading through reduced cost of shipping goods across borders, lower communications charges, lower paper handling charges, fewer errors and faster receipt of payments, reduced trade finance charges and lower inventories. Considerable savings in administering cross-border transactions thus can be accumulated.

Linkages

4) Who are the intended beneficiaries in member economies of the project? Highlight the direct benefits to the institutions / the types of business in member economies that will benefit from the results of the project and what the direct benefits are.

Providing effective ways for experience sharing on best practices in paperless trading and collaborative e-business at the application level, the symposium will benefit a significant number of stakeholders who engages with trade administration, financial settlement, custom clearance, international transportation and other e-business related issues ranging from government agencies, policy planners, practitioners, and businesses.

Direct benefits include opportunities for participants to obtain periodical update on current issues and identify possible technical collaboration including ebXML pilot projects, interoperability test as well as research and development program in B2B interoperability framework and its core components that will contribute to the establishment of a comprehensive cross-border paperless trading environment with an active participation of both public and private sectors of any size within the APEC region.

5) Describe the deliverables of the project and demonstrate how they will meet the needs of the targeted beneficiaries.

This symposium will deliver guidelines on establishing standards and interoperability frameworks for the interchange of trade-related e-documents and e-services which will lay the necessary foundation for implementation by APEC member economies. It will also bring about an intensified networking environment that will enhance mutual supportiveness along with demand-driven technical assistance to ensure full participation of all APEC member economies in the paperless trading process.

6) How the participation of the business/private sector and non-governmental institutions has been sought or will be sought. Illustrate how the business/private sector has been involved in the planning and delivery of the project and whether any other APEC fora have been consulted.

Active participation by business/private sector and non-governmental institutions including industry experts' involvement and business showcases has been sought or will be sought throughout the project. Consultation on project activities and implementation mechanism has been carried out from time to time since the project planning stages with non-governmental institution driven by private sector, namely ebXML Asia Committee[1] and with other APEC forums including ECSG and TEL as well as other working groups that have interests in electronic commerce development activities.

7) How this project will add "APEC value" (as to the potential benefits of implementing the projects) in the context of other work that might have been done elsewhere in the same field.

This project supports APEC existing electronic commerce work programs in expanding and drawing lessons from collection of case studies to facilitate the

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[1] ebXML Asia Committee (www.ebxmlasia.org) is a regional committee jointly initiated by the Electronic Commerce Promotion Council of Japan (ECOM) of Japan, the Korea Institute of Electronic Commerce (KIEC) of Republic of Korea, and the Taipei Computer Association (TCA) of Chinese Taipei. The committee established in December 2000 to promote ebXML in Asia, to jointly deal with ebXML work through the cooperation among Asian economies and to facilitate electronic commerce in the Asian region. With the gradual increase of membership, there are currently more than 24 organizational members from 11 economies of Asia Pacific (Australia, China, Chinese Taipei, Hong Kong, Indonesia, Japan, Republic of Korea, Malaysia, Pakistan, Singapore, and Thailand).

uptake of paperless trading and collaborative e-business by enterprises of any size, government and private/public sector partnerships.

With regard to APEC leadership, this project yields an approach to move the APEC agenda forward by strengthening work in all APEC fora including ECSG, TEL WG and the e-APEC Task Force and increasing the participation of e-commerce-related stakeholders to contribute toward improving the quality of their policy-making related to an adoption of e-commerce in their economies.

This project, in addition, provides a continuing work as a follow up on the Symposium entitled "Toward A Cross-Border Paperless Trading Environment – Actions For Trade Facilitation" held by Chinese Taipei in September 2003 to further facilitate public-private sector exchanges on e-commerce development and cooperation so that it will be valuable to better inform SOM of appropriate future actions.

8) An indication of how the project might contribute to related projects or activities in APEC or elsewhere.

Specifically, this project will contribute to the work programs as outlined in the 1998 APEC Blueprint for Action on Electronic Commerce, the e-APEC Strategy, and Trade Facilitation Action Plan taking into account that enhancing capability in electronic commerce among APEC economies through economic and technical cooperation will enable all APEC economies to reap the benefits of the New Economy in expanding business opportunities, reducing costs, increasing efficiency, improving the quality of life and facilitating the greater participation of small businesses in the global trading system.

Methodology

9) A concise description of the project's methodology by components, with its associated outputs clearly specified. (*For a research project this may include the means and timescale for the collection and analysis of data and how this analysis will be disseminated; for a capacity building project it may include the preparation of the teaching materials and the dates of holding the courses and any provision for the compilation of a report; etc*).

APEC Symposium on ebXML for Internet Paperless Trading and Collaborative e-Business

Length:	2.5 Days
Date:	July 21-23, 2004
Location:	Bangkok, Thailand
Description:	

A 2.5-day symposium will be arranged to fortify sharing of technical know-how and experience in adopting XML, ebXML and other related open frameworks to

accelerate the realization of automatic interchange of official trade-related e-documents and collaborative B2B e-business transaction.

 a. Experts from UN/CEFACT and/or OASIS will be invited to present ebXML specification and ebXML industry support

 b. Experts from ebXML Asia Committee will be invited to illustrate wide-ranging pictures of standard adoption, including interoperability test methodology and other ebXML implementation activities in Asia and Pacific

 c. An expert from Pan-Asian E-Commerce Alliance (PAA) will be invited to present their activities on cross-border security trading framework

 d. Experts from member economies will be invited to share their experiences and best practices on the following topics

- Practical aspects of XML, ebXML and related interoperability frameworks
- Successful business adoption of common standards for the exchange of trade-related documents
- Up-to-date activities that are carried out to facilitate XML and ebXML adoption and implementation

 e. Guests and stakeholders from APEC member economies will be invited to participate in the symposium to help identifying technical and legitimate issues and to contribute their expertise in the discussion of those issues

10) The number of APEC member economies that will participate in this project. Please indicate the names of member economies participating in each component of the project as set out in (9).

All members of the APEC ECSG are encouraged to actively participate in the symposium work agenda. They are invited to participate as sponsor, joint planners, co-organizers, experts, consultants, analysts and participants.

Dissemination of Project Output

11) A plan for the publication and dissemination of the results of the project, including:

 a. The nature of the target audience;
  APEC ECSG Delegates who are engages with trade administration, financial settlement, custom clearance, international transportation and other e-business related issues ranging from government agencies, policy planners, practitioners, and businesses.

 b. The form and content;
- Supplementary presentation slides
- Symposium Report – Final meeting report containing results of the 2.5-day symposium and recommendations to the paperless trading and collaborative e-business

- Guideline on establishing standards and interoperability frameworks for the interchange of trade-related e-documents and e-services among APEC member economies

c.   Format (e.g. hard copies, floppy discs, internet uploading);
The project output will be provided in a CD-ROM format and will be made available on the Internet.

d.   Number of copies for the publication;
The number of copies for the publication will cover the amount for government agencies, public/private sectors, businesses, and practitioners who are interested in APEC work on paperless trading and collaborative e-business.

e.   A publicity plan for:
i) Briefing the general or specialist media about key components of the project;
N/A

ii) The promotion of sales or other dissemination of the final product; and
The key components of the project will be briefed, released and made available on the Internet.

f.   A budget for publication and dissemination, to form part of the itemized budget.
A budget for production and dissemination of the symposium's outcome is totally $US 2,000.

Gender Concerns

12) Show how the objectives of the project provide benefits for women, where appropriate. APEC Ministers have indicated (*Framework for the Integration of Women in APEC*) that benefits might include: increased involvement of women; taking account of the differences in women's and men's lives (gender analysis); and collection/use of sex-disaggregated data.

N/A

13) Show how the participation of women has been/will be sought. Show how women are involved in the planning, management, allocation of resources, and implementation of the project.

N/A

14) Provide a brief description of the way women will be able to participate equitably in the development and implementation of the project.

N/A

15) Provide a brief description to show that the project will collect and use sex-disaggregated data (if available) to measure the project's effects on women.

N/A

16) Does the plan for the publication and dissemination of the project's results include communication methods that are appropriate for women? Questions that may be relevant include: Are women one of the target audiences? Does the plan take account of women with low literacy and women with low access to electronic media? Will the results be disseminated to women's organizations?

N/A

17) Where appropriate, provide details of the project's budget that are allocated to activities that address the specific needs of women.

N/A

18) Provide details of how the project proponent will assess whether he/she has met the gender criteria for APEC projects and how he/she will measure the impact of the project on women.

N/A

Budget

19) An itemized budget for the project in the prescribed format. Applications under the Operational Account should use the format at *Annex A1*. Applications under the TILF Special Account should use the format at *Annex A2*. The budget should illustrate the assumptions adopted (e.g. unit costs) for the computations.

........A1

✓ A2

20) A timetable for the drawdown of APEC funding requested for the project, including details of any advance payment or installment payment requested and justifications for such requests.

Funding for this project will be required in a month prior to the Symposium taking place.

21) Details of any request for waiver or exception from the normal APEC financial rules with justifications. (*Examples are from tendering requirements; for advance payment; for early disbursement (for TILF projects to begin before the receipt of the TILF contribution , normally in June); for government officials to receive funding; for active participants from travel-eligible economies to receive per diems*)

A waiver is requested from the restriction on paying travel costs for government officials of APEC member economies. The "active participants" in the APEC Symposium on ebXML for Paperless Trading and Collaborative e-Business are individual economies' agencies responsible for the implementation of paperless trading on trade administration, financial settlement, custom clearance, international transportation and other e-business related issues, who often do not have funds dedicated to international travel and would in most circumstances be unable to attend. This is especially true in the case of many developing countries.

To ensure full participation and enable all APEC economies to reap the benefits of the Symposium, a waiver for the APEC financial rules on funding of active participants is sought.

Assessment of Project

22) With reference to your objectives stated in paragraph 1, provide detailed criteria (quantitative and qualitative) for how you will measure your results in the short and long term to know if your project has been successful. State your current benchmarks for measurement, your target results from the project for each measurement criterion and the range of acceptable results both in numerical and percentage terms, where possible.

The symposium will produce a final report outlining participants' recommendations to the APEC Electronic Commerce Steering Group which will be used as a guideline for establishing standards and interoperable frameworks for the interchange of trade-related e-documents and e-services among APEC member economies.

In short term, the project success will be measured qualitatively by the extent to which the input from participants can meaningfully serve as a significant basis for future works on the establishment of comprehensive cross-border paperless trading and collaborative e-business environment; and quantitatively by numbers of cooperative work programs and pilot projects that are initiated as a consequence of the symposium. The results of the Symposium entitled "Toward a Cross-Border Paperless Trading Environment – Actions for Trade Facilitation" held by Chinese Taipei in September 2003 will be used as a benchmark for measurement.

In long term, the project success will be measured by the extent to which business and government entities in APEC member economies undertake paperless trading systems and collaborative electronic business transactions using common standards and procedures, elements, formats and interoperability frameworks based on XML and ebXML. The interoperability certification of various classes and levels will be used as a measurement criterion.

APEC TILF Special Account
Itemized Budget for Financial Year <u>2004</u>*

(Please tick ✓.)
This project is:

    ✓   a seminar, symposium or short-term training course
    ☐   a survey or analysis and research project
    ☐   neither the above but involves the provision of equipment

Items			APEC Funding (USD)	Self Financing (USD)
Direct Labour	No. of Units	Unit Rate		
- Speaker's Honorarium	20 persons	1,000	16,000	4,000
- Translators Fees				
- Short-term clerical and secretarial staff remuneration	1,220 hours	5		5,600
- Consultant (including Researcher) Fees				
- Consultant's Secretary Cost				
Travel				
Per Diem (incl. accommodation and "additional payment")				
- Speakers	16 x 4 days	$123/day	7,872	
- Active Participants	20 x 4 days	$123/day	9,840	
- Inter-city Transport	35 persons	60		2,100
Airfare				
- Speakers	16 persons			
Australia	2	1,500	3,000	
Canada	1	5,800	5,800	
China	1	1,000	1,000	
Chinese Taipei	2	700	2,100	
Hong Kong, China	1	650	650	
Japan	2	1,500	3,000	
Malaysia	1	450	450	
New Zealand	1	1,500	1,500	
Republic of Korea	1	800	800	
Singapore	2	650	1,300	
USA	2	5,000	10,000	
- Active Participants	20 persons			
Chile	2	7,000	14,000	
China	2	1,000	2,000	
Indonesia	2	900	1,800	
Malaysia	2	450	900	
Mexico	2	4,500	9,000	
Papua New Guinea	2	1,000	2,000	

Philippines	2	1,000	2,000	
Peru	2	9,000	18,000	
Russia	2	3,000	6,000	
Vietnam	2	500	1,000	
Publication of report (including distribution)	200	10	2,000	
Equipment / Materials (pl. describe briefly what is required and why)				
Photocopying	10,000	0.15		1,500
Communications (Phone/ Fax/ Mail/ Courier)			2,000	
*Hosting (*pl. briefly describe, e.g., conference room rental, stationery)				
- Conference Room Rental	2.5 days	5,000/day	10,000	2,500
- Stationary	360	3		1,080
Total			134,012	16,780

*   If project straddles more than one year, please indicate the amount of funds required for each of the two financial years in question.